

Latvian government securities market review

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12.02.2016

COMPETITIVE MULTI - PRICE AUCTION RESULTS FOR DOMESTIC T-BILLS

| Date of Auction | Original Term to Maturity (days) | ISIN code (LV 00005) | Number of participants | State Treasury Offer | Bids Total | Sold Amount | Bid-to-cover ratio | State Institution Fund Investments (Sold Amount) | Average Annual Yield (%) | Currency |
|-----------------|----------------------------------|----------------------|------------------------|----------------------|-------------|-------------|--------------------|--|--------------------------|----------|
| 07.05.2014 | 364 | 41969 | 5 | 12 000 000 | 45 500 000 | 12 000 000 | 3,8 | | 0,370 | EUR |
| 04.06.2014 | 184 | 33040 | 5 | 12 000 000 | 44 100 000 | 12 000 000 | 3,7 | | 0,216 | EUR |
| 11.06.2014 | 364 | 41977 | 5 | 12 000 000 | 49 000 000 | 12 000 000 | 4,1 | | 0,188 | EUR |
| 09.07.2014 | 364 | 41985 | 5 | 12 000 000 | 50 000 000 | 12 000 000 | 4,2 | | 0,150 | EUR |
| 03.09.2014 | 364 | 41993 | 5 | 12 000 000 | 53 000 000 | 12 000 000 | 4,4 | | 0,118 | EUR |
| 05.11.2014 | 364 | 42009 | 5 | 12 000 000 | 49 000 000 | 12 000 000 | 4,1 | | 0,068 | EUR |
| 14.01.2015 | 175 | 41985 | 5 | 24 000 000 | 100 000 000 | 24 000 000 | 4,2 | | 0,041 | EUR |
| 15.04.2015 | 203 | 42009 | 5 | 16 000 000 | 98 900 000 | 16 000 000 | 6,2 | | -0,012 | EUR |
| 22.07.2015 | 364 | 42017 | 5 | 16 000 000 | 53 900 000 | 16 000 000 | 3,4 | | 0,045 | EUR |
| 04.11.2015 | 259 | 42017 | 5 | 32 000 000 | 118 000 000 | 32 000 000 | 3,7 | | 0,020 | EUR |
| 13.01.2016 | 189 | 42017 | 5 | 16 000 000 | 77 000 000 | 16 000 000 | 4,8 | | -0,055 | EUR |
| 28.01.2016 | 21 | 13315 | 5 | 50 000 000 | 176 100 000 | 50 000 000 | 3,5 | 10 000 000 | -0,199 | EUR |

FIXED RATE (UNCOMPETITIVE) AUCTION RESULTS FOR DOMESTIC T-BILLS

| Date of Auction | Original Term to Maturity (days) | ISIN code (LV 00005) | Number of participants | State Treasury Offer | Bids Total | Sold Amount | Bid-to-cover ratio | State Institution Fund Investments (Sold Amount) | Average Annual Yield (%) | Currency |
|-----------------|----------------------------------|----------------------|------------------------|----------------------|------------|-------------|--------------------|--|--------------------------|----------|
| 08.05.2014 | 364 | 41969 | 5 | 3 000 000 | 7 500 000 | 3 000 000 | 2,5 | | 0,370 | EUR |
| 05.06.2014 | 184 | 33040 | 4 | 3 000 000 | 6 510 000 | 3 000 000 | 2,2 | | 0,216 | EUR |
| 12.06.2014 | 364 | 41977 | 4 | 3 000 000 | 6 020 000 | 3 000 000 | 2,0 | | 0,188 | EUR |
| 10.07.2014 | 364 | 41985 | 4 | 3 000 000 | 9 010 000 | 3 000 000 | 3,0 | 1 701 000 | 0,150 | EUR |
| 03.09.2014 | 364 | 41993 | 4 | 3 000 000 | 6 020 000 | 3 000 000 | 2,0 | | 0,118 | EUR |
| 05.11.2014 | 364 | 42009 | 4 | 3 000 000 | 9 010 000 | 3 000 000 | 3,0 | | 0,068 | EUR |
| 14.01.2015 | 175 | 41985 | 5 | 3 000 000 | 65 010 000 | 6 000 000 | 10,8 | 30 000 000 | 0,041 | EUR |
| 15.04.2015 | 203 | 42009 | 3 | 20 001 000 | 4 000 000 | 4 000 000 | 5,0 | 40 000 000 | -0,012 | EUR |
| 22.07.2015 | 364 | 42017 | 5 | 36 060 000 | 4 000 000 | 4 000 000 | 9,0 | | 0,045 | EUR |
| 04.11.2015 | 259 | 42017 | 5 | 60 501 000 | 8 000 000 | 8 000 000 | 7,6 | 10 000 000 | 0,020 | EUR |
| 13.01.2016 | 189 | 42017 | 4 | 42 400 000 | 4 000 000 | 4 000 000 | 10,6 | 5 250 000 | -0,055 | EUR |

COMPETITIVE MULTI - PRICE AUCTION RESULTS FOR DOMESTIC BONDS

| Date of Auction | Original Term to Maturity (years) | ISIN code (LV 00005) | Number of participants | State Treasury Offer | Bids Total | Sold Amount | Bid-to-cover ratio | State Institution Fund Investments (Sold Amount) | Average Annual Yield (%) | Coupon (%) | Currency |
|-----------------|-----------------------------------|----------------------|------------------------|----------------------|-------------|-------------|--------------------|--|--------------------------|------------|----------|
| 22.10.2014 | 5 | 70125 | 5 | 16 000 000 | 75 650 000 | 16 000 000 | 4,7 | | 1,437 | 1,875 | EUR |
| 26.11.2014 | 5 | 70125 | 5 | 16 000 000 | 101 550 000 | 16 000 000 | 6,3 | | 1,218 | 1,875 | EUR |
| 10.12.2014 | 5 | 70125 | 5 | 16 000 000 | 80 715 000 | 16 000 000 | 5,0 | | 1,099 | 1,875 | EUR |
| 21.01.2015 | 3 | 60068 | 5 | 16 000 000 | 131 450 000 | 16 000 000 | 8,2 | | 0,280 | 0,250 | EUR |
| 04.02.2015 | 3 | 60068 | 5 | 24 000 000 | 136 410 000 | 24 000 000 | 5,7 | | 0,257 | 0,250 | EUR |
| 18.03.2015 | 3 | 60068 | 5 | 24 000 000 | 135 800 000 | 24 000 000 | 5,7 | | 0,194 | 0,250 | EUR |
| 22.04.2015 | 3 | 60068 | 5 | 24 000 000 | 94 500 000 | 24 000 000 | 3,9 | | 0,181 | 0,250 | EUR |
| 13.05.2015 | 3 | 60068 | 5 | 24 000 000 | 104 995 000 | 24 000 000 | 4,4 | | 0,184 | 0,250 | EUR |
| 03.06.2015 | 5 | 70133 | 5 | 16 000 000 | 63 075 000 | 16 000 000 | 3,9 | | 0,693 | 0,625 | EUR |
| 17.06.2015 | 3 | 60068 | 5 | 24 000 000 | 76 300 000 | 24 000 000 | 3,2 | | 0,250 | 0,250 | EUR |
| 08.07.2015 | 5 | 70133 | 5 | 24 000 000 | 69 700 000 | 24 000 000 | 2,9 | | 0,846 | 0,625 | EUR |
| 02.09.2015 | 5 | 70133 | 5 | 24 000 000 | 94 525 000 | 24 000 000 | 3,9 | | 0,863 | 0,625 | EUR |
| 14.10.2015 | 3 | 60068 | 5 | 40 000 000 | 144 500 000 | 40 000 000 | 3,6 | | 0,201 | 0,250 | EUR |
| 10.02.2016 | 3 | 60076 | 5 | 24 000 000 | 102 895 000 | 24 000 000 | 4,3 | | 0,079 | 0,000 | EUR |

FIXED RATE (UNCOMPETITIVE) AUCTION RESULTS FOR DOMESTIC BONDS

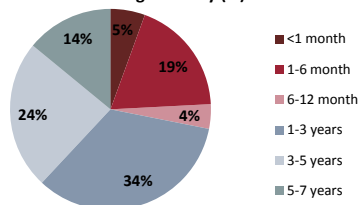
| Date of Auction | Original Term to Maturity (years) | ISIN code (LV 00005) | Number of participants | State Treasury Offer | Bids Total | Sold Amount | Bid-to-cover ratio | State Institution Fund Investments (Sold Amount) | Average Annual Yield (%) | Coupon (%) | Currency |
|-----------------|-----------------------------------|----------------------|------------------------|----------------------|------------|-------------|--------------------|--|--------------------------|------------|----------|
| 22.10.2014 | 5 | 70125 | 5 | 4 000 000 | 12 010 000 | 4 000 000 | 3,0 | | 1,437 | 1,875 | EUR |
| 26.11.2014 | 5 | 70125 | 5 | 4 000 000 | 16 000 000 | 4 000 000 | 4,0 | 330 000 | 1,218 | 1,875 | EUR |
| 10.12.2014 | 5 | 70125 | 4 | 4 000 000 | 16 000 000 | 4 000 000 | 4,0 | | 1,099 | 1,875 | EUR |
| 21.01.2015 | 3 | 60068 | 4 | 18 801 000 | 4 000 000 | 4 000 000 | 4,7 | | 0,280 | 0,250 | EUR |
| 04.02.2015 | 3 | 60068 | 5 | 49 010 000 | 6 000 000 | 6 000 000 | 8,2 | 590 000 | 0,257 | 0,250 | EUR |
| 18.03.2015 | 3 | 60068 | 5 | 51 750 000 | 6 000 000 | 6 000 000 | 8,6 | | 0,194 | 0,250 | EUR |
| 22.04.2015 | 3 | 60068 | 5 | 59 000 000 | 6 000 000 | 6 000 000 | 9,8 | | 0,181 | 0,250 | EUR |
| 13.05.2015 | 3 | 60068 | 5 | 30 751 000 | 6 000 000 | 6 000 000 | 5,1 | 311 000 | 0,184 | 0,250 | EUR |
| 03.06.2015 | 5 | 70133 | 5 | 31 500 000 | 4 000 000 | 4 000 000 | 7,9 | | 0,693 | 0,625 | EUR |
| 17.06.2015 | 3 | 60068 | 5 | 16 010 000 | 6 000 000 | 6 000 000 | 2,7 | | 0,250 | 0,250 | EUR |
| 08.07.2015 | 5 | 70133 | 4 | 31 500 000 | 6 000 000 | 6 000 000 | 5,3 | | 0,846 | 0,625 | EUR |
| 02.09.2015 | 5 | 70133 | 5 | 55 000 000 | 6 000 000 | 6 000 000 | 9,2 | 2 446 000 | 0,863 | 0,625 | EUR |
| 14.10.2015 | 3 | 60068 | 5 | 82 500 000 | 10 000 000 | 10 000 000 | 8,3 | | 0,201 | 0,250 | EUR |
| 10.02.2016 | 3 | 60076 | 5 | 46 010 000 | 6 000 000 | 6 000 000 | 7,7 | 489 000 | 0,079 | 0,000 | EUR |

On Wednesday, 10 February, the domestic government T-Bonds were offered due on 12 February, 2019 (1096 days to maturity). All offered securities with the total nominal value of 24 million EUR were sold in a competitive multi-price auction. The total demand reached 102.9 million EUR and exceeded the amount offered 4.3 times. The top admissible yield rate set by the Treasury was 0.30% and the weighted average yield rate was 0.079%. This is the historically lowest level for Latvian bonds primary placement and the first case of the coupon rate set to zero. The T-Bonds with the total nominal value of 6.0 million EUR were sold in a non-competitive fixed rate auction. Total demand reached 42.40 million EUR.

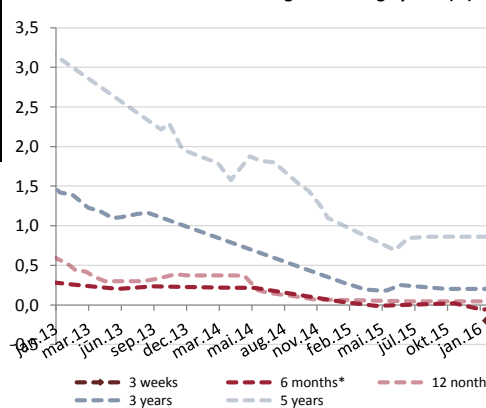
Government securities outstanding by original maturity

| Type of security | Original term to maturity | Outstanding Amount at Nominal Values (EUR) | % of Outstanding Amount |
|------------------|---------------------------|--|-------------------------|
| T-bills | 3 weeks | 60 000 000,00 | 6% |
| T-bills | 1 year | 95 250 000,00 | 9% |
| T-bonds | 3 years | 251 390 000,00 | 23% |
| T-bonds | 5 years | 496 399 771,34 | 46% |
| T-bonds | 10 years | 151 616 951,49 | 14% |
| T-bonds | 11 years | 24 443 799,39 | 2% |
| Total: | | 1 079 100 522,22 | 100% |

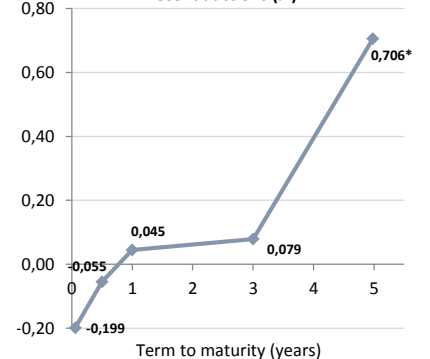
Government securities outstanding by remaining maturity (%)



Government securities' weighted average yields (%)



Government securities' yield curve derived from the results of the most recent auctions (%)



*5 year T-Bond - secondary market quotes (Bid YTM)

*Since 2015 6m T-Bills benchmarks are tap issues of original 12m T-Bills in maturity brackets from 4.5 to 9 months